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# Spain's ex-prime minister scandal: when a small airline becomes a big test for the rule of law

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In most countries, a minor airline with a tiny market share would never shake the political system. In Spain, Plus Ultra has done exactly that.

A controversial bailout granted in 2021 has now exploded into a full-blown criminal investigation involving alleged money-laundering networks linked to Venezuela and the formal charging of former prime minister José Luis Rodríguez Zapatero, who rejects the accusations and denies any misconduct, promising full cooperation with the law.

In March 2021, the Spanish government approved a 53-million-euro rescue package for **Plus Ultra**, using a special pandemic fund meant to support “strategic” companies.

On paper, the decision looked odd from day one. Plus Ultra was a small carrier with a negligible share of Spanish air traffic, only one aircraft actually operating at the time, and a fragile financial position that pre-dated Covid.

Yet it was declared “strategic” because of its routes to Latin America, particularly Venezuela.

Critics warned that this looked less like a rescue of a critical asset and more like a politically driven favour.

What started as a political and media controversy over the use of public money has since become a judicial earthquake.

Spain’s High Court (Audiencia Nacional) is probing potential crimes of criminal organisation, influence peddling, and money laundering linked to the bailout and to how those funds were allegedly redistributed.

**Zapatero** has been placed under formal investigation as the alleged head of a “stable and hierarchical” influence-peddling structure designed to extract economic benefits from state decisions, mainly around Plus Ultra.

It is the first time since Spain’s transition to democracy that a former prime minister faces such charges. He rejects the accusations and

denies any wrongdoing.

## How state intervention undermines trust in economic policy

From an economic standpoint, the Plus Ultra case is a textbook example of how discretionary state intervention can degenerate into crony capitalism.

First, there is the political selection of “winners.” Plus Ultra was not rescued because the market demonstrated its importance but because the government labelled it strategic despite its tiny footprint and structural weaknesses.

That kind of decision distorts competition, penalises more robust airlines that did not receive similar support, and undermines trust in the fairness of economic policy.

Second, investigations have described a web of consultancy contracts and commissions, roughly one per cent of the bailout amount, allegedly linked to business structures around Zapatero’s circle.

**When governments rescue structurally weak firms without transparent criteria, they send a dangerous signal**

If confirmed, this would be a classic case of rent extraction: public money diverted through intermediaries who monetise their political access rather than creating value.

Third comes moral hazard. When governments rescue structurally weak firms without transparent criteria, they send a dangerous signal: in the next crisis, the key asset is not solvency or competitiveness but closeness to power.

That encourages companies to invest in lobbying rather than productivity, raising the

long-term cost of any future shock.

Finally, there is the opportunity cost. Those 53 million euros did not fall from the sky; they came from taxpayers and from fiscal space that could have been used to lower the tax burden or support genuinely competitive sectors.

Even though Plus Ultra has renegotiated its repayment schedule, paid interest, and recently reported profits, the full recovery of the funds still depends on the future of a company that was extremely fragile when it was rescued.

The risk for the public purse has not disappeared.

## Tracing capital flows linked to Venezuelan corruption

What makes the case truly explosive is its alleged connection with Venezuelan money-laundering schemes.

Court documents and media reports describe a transnational structure of companies in Spain and abroad, including a firm in Dubai, that may have channelled payments linked to the bailout, using consultancy agreements and layered transactions to obscure the origin and destination of funds.

Prosecutors and authorities in France, Switzerland and the United States are cooperating with Spain to trace possible flows of capital tied to **Venezuelan corruption** that may have been laundered through Plus Ultra and related entities.

**Around 1.95 million euros in alleged improper payments are under scrutiny**

The Spanish judge's order suggests that Plus Ultra may have been both signatory and beneficiary of loan contracts with companies already suspected of laundering illicit capital,

using complex financial structures to hinder tracking.

Around 1.95 million euros in alleged improper payments are under scrutiny, with nearly half a million euros frozen in accounts associated with the ex-prime minister and with a consulting firm linked to his environment.

This is where the story stops being a domestic subsidy scandal and becomes part of a broader pattern: the use of Western democracies as platforms to recycle the proceeds and the image of authoritarian regimes.

## The real significance of the Plus Ultra scandal

Inside Spain, the political cost is obvious. The case has put the Socialist Party (PSOE) on the defensive and strengthened the perception that parts of the state apparatus are willing to use public money to weave political and economic alliances with authoritarian regimes, in this case Venezuela.

This comes on top of other **corruption cases** that are currently in the courts surrounding the current Prime Minister, Mr Sanchez, and his team, involving ex-minister and government's number two, Mr Abalos, the ex-number two of the Socialist Party, Mr Cerdan; and the wife of the current Prime Minister. But the damage does not stop at Spain's borders.



*The Plus Ultra affair now feeds into a wider narrative of institutional degradation and politicisation of key bodies in Spain - Daniel Lacalle*

In Brussels, EU officials have voiced concern over the contents of the Spanish investigation and over the depth of the government's and the ex-Prime Minister's links with the Venezuelan regime, links that many in European institutions had largely underestimated.

The Plus Ultra affair now feeds into a wider narrative of institutional degradation and politicisation of key bodies in Spain, at a time when the EU is already struggling to respond to democratic backsliding in other member states.

For international investors and partners, the signals are troubling. The combination of discretionary bailouts, alleged connections to Latin American laundering networks and slow or ambiguous institutional reactions projects the image of a country vulnerable to clientelism and the partisan use of the state.

Outside the EU, the fact that US jurisdiction may become involved in related money-laundering probes reinforces the perception that segments of Spain's political elite have been willing to act as intermediaries for networks linked to sanctioned regimes.

In diplomacy and finance, trust is a crucial intangible asset. Once eroded, it raises financing costs, deters productive investment, and narrows a country's leverage when it wants to speak about the rule of law or governance in the EU and Latin America.

That is the real significance of the Plus Ultra scandal: not just whether 53 million euros were misallocated, but whether Spain is prepared to confront how cronyism, opaque international networks, and authoritarian regimes intersected in one "small" airline bailout that has now become a big test for its institutions.